

INDUSTRIAL REVITALIZATION FUND (IRF)

Application Deadline: March 1, 2019 11:59PM EST

*Instruction
Manual
FY2020*

**Department of Housing and Community
Development**

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**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities

INTRODUCTION

The General Assembly has allocated \$2 million for Fiscal Year 2020 (FY '20) to be used for the strategic redevelopment of vacant and deteriorated industrial properties across the Commonwealth. For the purposes of this program, the term “industrial” will be considered to mean any non-residential structure significant to the community due to size, location, and/or economic importance. Remnants of past economic vibrancy and local economies in transition, these structures are no longer suited for their former purpose, and in their current deteriorated condition, stand as a substantial deterrent for future economic opportunity in the surrounding area and region.

Financial barriers typically block the timely redevelopment of these structures and often they require more than local resources to attract private sector investment in order to make a deal cash flow. This is especially true in distressed areas. Therefore, the \$2 million allocation is meant to leverage local and private resources to achieve market-driven redevelopment of these structures, creating a catalyst for long-term employment opportunities and on-going physical and economic revitalization. Eligible properties and structures must be vacant and deteriorated and may be redeveloped for any market-driven purpose including mixed-use, regardless of the original use. For purposes of IRF, market-driven purpose is defined as guided by market trends and consumer needs based on market research where there is an actual need to be fulfilled or a market problem to solve.

Availability of Funds

The \$2 million available in FY 2020 is a one-time allocation to replenish the Virginia Derelict Structures Fund (DSF) established under §36-152 of the Code of Virginia. The Virginia Department of Housing & Community Development administers these funds under the Industrial Revitalization Fund (IRF) Program.

Award Amounts

The maximum IRF award is \$600,000 per project. An applicant may apply for less, however. IRF awards may not be used as a substitute for other funds the applicant has already committed to a project. IRF awards require at least a 1:1 match.

ELIGIBILITY

Eligible Applicants

Only local governments (cities, counties, or towns), and regional or local economic or industrial development authorities may submit applications for funding. A unit of local government may apply directly for funding to use on publicly owned property OR on behalf of a for-profit or non-profit entity for privately owned property. Localities may designate a redevelopment authority or another similar organization as an agent for project implementation and administration.

Award Funding Structures

While applicants should indicate whether funds are requested as a loan or a grant, DHCD reserves the right to award funding in the manner most appropriate to the project, and to recommend alternative structures as necessary.



DHCD will issue an **IRF GRANT** under the following conditions:

- The property is publicly owned;
- The privately owned property has an option agreement/contract in place for purchase by a local government at the time of the application; or
- The private property is owned by a not-for-profit, tax-exempt entity.
- Financing to complete the entire project as specified in the IRF application has been secured as evidenced by formal letters of interest, term sheets, or commitment letters.

In cases where the local government intends to lease the property to a private, for-profit entity, a market rate lease is required; **upon resale of the property to a private, for-profit entity, DHCD may require repayment of a prorated grant amount.**

DHCD will issue an **IRF GRANT/LOAN** under the following conditions:

- The property is owned by a private, for-profit entity and the end-use will be owned by a private, for-profit business.
- Financing to complete the entire project as specified in the IRF application has been secured as evidenced by formal letters of interest, term sheets, or commitment letters.
- IRF Grant/Loans may be funded as a grant to the applicant local government (or local Development Authority), who will in turn make a loan to the for-profit entity. The following standard terms and conditions will apply to all projects unless DHCD determines that a regionally significant project requires more favorable terms. The terms of the loan must be agreed to by DHCD.
 - Interest Rate: 2.5%
 - Amortization: 10 Years
 - Environmental Review
 - DHCD will require an executed performance agreement with the developer
- If the locality is unwilling to manage the loan, or, by DHCD's determination, unable to manage the loan, the loan may be underwritten by Virginia Community Capital (VCC). In this case, VCC will require a commitment fee of 1% (50% due within 14 days of execution of IRF loan performance agreement and the remainder at IRF closing).

All projects, regardless of award structure, must be ready to execute a contract or performance agreement for the IRF funds by **January 1, 2020**.

- Agreements may be executed simultaneously to the closing of the first trust lender for primary financing or after; however, IRF grant/loans **will not close before** all other sources of primary financing are closed or commitment letters with a closing date have been issued.
- Failure to execute the contract or performance agreement within 6 months of award may result in the IRF funds being reprogrammed to another project. The applicant will be given the opportunity to apply again once the project is more prepared for IRF loan closing. DHCD has the discretion to offer an extension beyond six months where delays are caused by circumstances beyond the control of the developer.

All projects, regardless of award structure, will be required to have a deed covenant/restriction or a lien for a period of 10-years that requires DHCD approval prior to any sale or change in end-use for the property. In the case of a sale



to private sector entity and/or a change of use during the 10-year period, DHCD may require a pro-rated repayment of the IRF funds based on the number of years of the deed restriction remaining.

Match

To demonstrate project viability and the applicant's commitment, applicants are required to provide a 100 percent (1:1) local match from private or public sources. The match must either be cash or documented costs that are directly associated with the improvements to the property where IRF funds are expended. Local match may include federal (CDBG or other), state, local, and private funds spent on activities directly related to the targeted project within the last **full** fiscal year (on or after July 1, 2018).

A locality may use documented administrative costs as up to five percent (5%) of the local match. The use of administrative costs as local match must be outlined in the application and will need to be documented through invoices or payroll records. The locality must provide a description of specific in-kind resources committed, including methods used to determine their value.

Example: An applicant that is seeking a \$300,000 IRF grant must provide a match of at least \$300,000 (100% match). Local match in excess of \$300,000 will increase the application's score. This applicant could include up to \$15,000 in documented administrative costs in their \$300,000 match.

IRF funds may not be used as a substitute for other funds the applicant or end-user has already committed to a project. If the project proposes a for-profit, private end-use, DHCD considers an equity investment by that entity into the IRF project as an indication of long-term commitment to the project.

Eligible Match:

- Acquisition costs - include current property appraisal as documentation of value or documentation of purchase price (HUD-1 Settlement statement, bill of sale or deed), whichever is less;
- Documented costs **directly** associated with **physical activities** on the IRF project site;
- Construction-related soft costs such as engineering, design or architectural activities (must be specifically identified in the application);
- Investments into Machinery & Tools, taxable by the locality;
- Public notices, permit or dumping fees and inspections costs (or waivers of such) directly related to physical activities (must be specifically identified in the application);
- No more than five percent (5%) local match will be accepted as in-kind or cash for out-of-pocket administrative costs.

Ineligible Match:

- State or local taxes;
- Site remediation;
- Interest or principal payments on current debt on the property;
- Investments in Business Personal/Tangible Property (Furniture, Fixtures, and Equipment).

Eligible Use of Funds

The IRF program is flexibly designed so that funds can be used for a wide variety of revitalization and redevelopment activities such as **acquisition, rehabilitation, or repair** (including securing and stabilizing for subsequent reuse) of specific structures, as well as **demolition, removal**, and other **physical activities**. Grant administration is **not** an eligible activity for IRF.

In the case of acquisition, DHCD will limit its financial participation to the property's fair market value and the



associated legal costs of acquisition. Fair market value is considered to be the lesser of the property's documented acquisition costs or appraised value. IRF funds may also be used for the legal costs associated with demolition. However, funds may not be used **solely** for acquisition or demolition unless it can be demonstrated that the locality has committed other redevelopment funds to the property, and there is a market-based redevelopment plan outlining reuse options, target markets/niches, and a property marketing strategy including the entity responsible for implementation. Generally, demolition should be used only in circumstances where the size or location of a building precludes any significant redevelopment potential or in cases where there is an imminent safety threat.

Site remediation is **not** an eligible activity for IRF. Virginia's Department of Environmental Quality offers several programs to assist with remediation and environmental assessment including the Voluntary Remediation & Brownfields/Land Renewal Programs. Visit <http://www.deq.virginia.gov> for more information.

It is **not the intent** of the IRF Program to fund the relocation of existing Virginia businesses into a redeveloped structure, particularly if the relocation or expansion occurs simultaneously with the closure or significant reduction of operations in another Virginia locality. If this type of project is proposed as part of a significant expansion, the applicant must demonstrate that it is clearly part of the community or region's economic development strategy and how business relocation has a quantifiable impact on that strategy.

Eligible Properties

According to the Code of Virginia § 36-3, a "blighted property" means any individual commercial, industrial, or residential structure or improvement that endangers the public's health, safety, or welfare because the structure or improvement upon the property is dilapidated, deteriorated, or violates minimum health and safety standards, or any structure or improvement previously designated as blighted pursuant to § 36-49.1:1, under the process for determination of "spot blight."

The program is targeted toward (functionally) **vacant and deteriorated** properties whose poor condition creates a notion of physical and economic blight in the surrounding area, and often is a deterrent to surrounding development. Projects may consist of multiple properties provided they are adjacent and/or adjoining and are related in either their negative impact (e.g., three adjacent severely deteriorated downtown buildings that create a negative impact on the remainder of the block) or end use (e.g., rehabilitation of an abandoned warehouse into a shell building with purchase of adjacent property for parking.)

Eligible properties and structures may be redeveloped for any market-driven purpose including mixed-use, regardless of the original use. For purposes of IRF, mixed-use is defined as "a building incorporating residential uses in which a minimum of **30 percent of the useable floor space** will be devoted to commercial, office, or industrial use or in which **30 percent of the projected project revenue** is derived from the commercial space."

It is **not the intent** of the IRF Program to fund new construction or the development of greenfield properties, unless done in coordination with the redevelopment of an eligible vacant or deteriorated property.

Former Property Uses		
Eligible		Ineligible
<ul style="list-style-type: none"> • Manufacturing • Warehousing • Mining • Transportation • Power Production 	<ul style="list-style-type: none"> • Department stores • Theaters • Hotels • Shopping Centers • School Buildings 	<ul style="list-style-type: none"> • Solely residential • Scattered site projects • Greenfield sites

FUND ACCESS

In the case of **GRANTS**, a contract between DHCD and the grantee outlining end products, conditions, fund disbursement and termination must be executed **before any funds are disbursed**. Funds may only be used for **expenses incurred after the signing of the contract, unless otherwise negotiated with DHCD**. IRF grant funds are available on a **reimbursement basis only**, for **costs** the applicant has incurred and paid for. Documentation of matching funds must be submitted with each remittance before any funds are disbursed.

In the case of **GRANT/LOANS**, IRF funding will be released as a grant to the applicant local government entity (or approved Economic Development Authority), or Virginia Community Capital, at DHCD's sole discretion, who will then make a loan to the private developer pro-rata with other funders or once other sources are expended. This will be determined in discussion with developers upon DHCD's award notification.

Funding Priorities

The ultimate intent of the IRF program is to fund **shovel-ready** projects that will act as a catalyst to spark additional private investment and job creation in distressed areas that have been targeted for economic development and community revitalization as part of a larger economic restructuring or economic development strategy. Based on that intent, DHCD has established the following funding priorities:

1. Clear relationship to a local or regional economic development strategy.

Applicants must identify the economic development strategy that the proposed project will support. This strategy should be an element of an existing redevelopment, blight removal, or economic development plan, and applicants should cite the specific documents that substantiate the goals of project. Applicants must explain what is currently being done in the community and how the IRF funds will accelerate and expand those economic restructuring and development activities. Additionally, the application should identify why the proposed project is being prioritized for IRF funds over other projects in the locality.

2. High degree of blight and deterioration to be addressed.

Applicants must describe the extent of the physical deterioration and identify the negative impact the property is having in the community. DHCD is seeking to invest in projects that will address the negative impact the property has on the community's ability to attract private investment and job creation. Applicants must demonstrate that addressing the property is a local priority, and projects that seek to repurpose a property will be given more consideration than projects that focus only on demolition/site clearance. Higher priority will be given to projects involving blight abatement and elimination, than those proposing blight prevention.

3. Project readiness.

DHCD will give higher priority to shovel-ready projects that will lead to the efficient and **immediate** redevelopment of blighted properties. Projects that can demonstrate "readiness to proceed" will be given the greatest consideration. Readiness to proceed is demonstrated by having **finalized plans** and **primary financing in place** (formal letters of interest, term sheets or letters of commitment) for an identified **end-use/user**. Capacity for project implementation by the locality or developer will also be a consideration in project readiness. For applications requesting grant funding, readiness to proceed should be demonstrated by community support for the project, and the receipt of public input where appropriate. **NOTE:** Any developers, contractors, and professional services funded by an IRF grant must be procured in accordance with the [Virginia Procurement Act \(VPPA\)](#). Applicants should submit documentation to detail that procurement requirements have been met for any professional services contracted to date. Grantees will be required to submit documentation to detail that

procurement requirements have been met, prior to any execution of contracts that obligate IRF funds. See the list of items that should be provided, if available, to show project readiness (Page 13).

Projects that can show the ability to close on the IRF loan or go under contract with DHCD within six months of an IRF award notification will be the most competitive for funding. DHCD reserves the right to withdraw funding should the applicant not be under contract/close the IRF loan in a reasonable amount of time. DHCD also reserves the right to withdraw funding if there are substantial or significant changes to the development team, scope of work or community economic benefit.

4. Project with a clear end use.

Successful applicants will be able to identify a tangible end-use to be completed in a reasonable amount of time, typically an 18-month timeframe. Successful projects will have executed development agreements, commitment letters from non-profit partners, operations/management agreements, leases for space, and detailed operations plans. Projects that have speculative or undetermined end uses will be considered a lower priority. If the application proposes a non-profit end use, the applicant or end user must demonstrate long-term sustainability by providing a 10-year operating pro forma and other documentation of financial solvency.

5. End use will have a clear and significant community economic impact.

Applicants must describe how the project will have a clear positive impact on the community. Applicants must demonstrate how the completion of the IRF project will be a catalyst to larger economic revitalization efforts in the locality and region and will spark additional investment in the surrounding area. Applicants should include quantified expectations for primary impact (such as net new jobs, new businesses, and leveraged private investment) and any secondary impact (such as increased local sales, meals, or lodging tax revenue, increased export or non-export (tourism) revenues, increased daily and/or overnight visitors, and availability of commercial square footage.) In addition, applicants should describe how the project may be catalytic to the community in non-economic terms (such as access to services or resources, workforce development, and quality of life improvements). Projects that show significant community economic impact will be given higher priority; whereas projects with a public sector end-use will be lower priority. For IRF purposes, a full-time equivalent job is defined as employment of, at a minimum, 35 hours per week. Existing employees or unpaid volunteer positions should not be included in job creation projections and will not be considered in application scoring.

6. High Economic Distress in project locality.

Extra consideration will be given to projects located in communities that are experiencing higher degrees of distress. However, it is not intended to compensate for poorly conceived projects that do not score well on the other funding priorities. Distress will be based on three measures below, using data from the U.S. Census Bureau and the Virginia Employment Commission. Scoring will be weighted based on the number of distress measures the locality is experiencing.

- a. **Poverty rate** of at least 150 percent of the state average (16.5%);
- b. **Median household income** of 70 percent of the state average (\$46,304); and
- c. **Unemployment rate** of at least 150 percent of the state average (5.7%)

See Appendix A for pre-calculated scores for all cities and counties. Towns may use the distress score of the county, or they may calculate their own based on the town's Census tracts, whichever method provides the higher distress score. Guidance on where to find the necessary data is provided on page 16.

Other Considerations

DHCD encourages localities to apply for projects that will have a strong significance to the broader community and region, in areas of ongoing or identified redevelopment/revitalization. Applicants will receive **bonus points** for projects that meet the following characteristics:

- Part of a significant **regional focus**. This includes projects located in an area covered by a revenue sharing agreement or projects cited in a formal regional economic development plan.
- Eligibility for local real property tax abatements (§58.1-3221) or other **local incentives** to encourage investment.
- Location in an **Enterprise Zone** and ability to qualify for the state and local incentives. **IRF loans** may be included in the Enterprise Zone Real Property Investment Grant schedule of Qualified Real Property investments, while **IRF grants** must be excluded.
- Location in a designated **Virginia Main Street** community, a local, state or federal **historic district**, a **redevelopment or blight removal district**, a **Technology Zone**; or other similar district.
- Location in a current **CDBG project area**.
- Committed project leverage exceeds 1:1 match.

Prioritization

A locality may only submit one application per funding round; therefore, localities must identify and authorize the project that will have the most meaningful impact on local community revitalization and economic development efforts. As such, a resolution from the local governing body authorizing the request for funding is an application requirement. If the locality is applying on behalf of a non-profit or private for-profit, the resolution should indicate the specific match amount and identify the entity that will be responsible for providing the matching funds.

SUBMISSION REQUIREMENTS

Applications for IRF funding must be submitted through DHCD's Centralized Application Management System (CAMS). You can access CAMS using the following link: <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>

In order to access CAMS and complete an application for funding, a locality must establish a CAMS profile. A profile request can be made by going to the CAMS site and selecting the **"Registration"** option. In order to register your organization, you will need your organizations DUNS number and FEIN number. Please allow up to five business days for DHCD to process and approve your registration request.

Once your organization has been registered, you may log in with your username and password and select the **"Applications and Programs"** option. From this page, select the **"Apply"** option and select **"Industrial Revitalization Fund"** from the dropdown menu. A description of the program will appear. Click the **"Apply"** button next to the pencil icon to begin an application.

As you complete the application, be sure to save each page. You have the option to close out of CAMS and return to the application at any time until the application is submitted or the deadline has passed.

If you need assistance with the registration or completion of the application in CAMS, please send an email request to the CAMS help team through the **"contact us"** link at the bottom of every page in CAMS. Someone will contact you as soon as possible to provide needed assistance.



APPLICATION INSTRUCTIONS

All 2020 applications for IRF funding must be submitted through CAMS. Complete each tab as indicated below:

Project Budget and Budget Narrative

Complete the **Project Budget** and discuss the funding for the proposed project in the budget narrative section. Identify ALL activities that need to be undertaken in order to return the property to a viable economic use. In the case of activities whose costs will be paid for by funds other than IRF, use the “*Other*” category. In the narrative, please list the specific source of non-IRF funds. You will be able to discuss these activities and other sources of funding in more detail and attach funding documentation later in the application.

Project Overview

Think of question 1 as the executive summary of the project and should not be limited to a description of the proposed budget.

1. Discuss the overall project from start to finish, including the intended end-use and the specific activities to be undertaken with the IRF funds and associated match. Indicate if the IRF project is the project in its entirety or a phase of a larger project. Please limit responses to 500 words.

The following question relates to Funding Priority 1:

2. Discuss any local and regional economic development strategies or plans and explain how the project ties in with identified goals/outcomes. Cite and include relevant sections of economic development plans or studies.

The following questions relate to Funding Priority 2:

3. Discuss the rationale for the selection of the targeted property versus other vacant and deteriorated properties in the locality. Why is this project the highest community priority?
4. Discuss how this property was determined to be blighted and describe the derelict elements of the building. Discuss the negative impact that the property, in its current condition, has had on other investment and job creation in the surrounding area. Include in the attachments photographs of the property to demonstrate the derelict condition of the exterior and interior.
5. List any public or private investments or initiatives during the following timeframes, that have or will contribute to or benefit from the success of the IRF project:
 - a. Within the past two years (Will these investments be used as match?)
 - b. Currently underway
 - c. Within next two years

The following questions relate to Funding Priority 3:

6. Discuss the project status. What activities have been completed to prepare for redevelopment of the property (please list)? What activities are outstanding that must to be completed in order to begin construction on the project (please list)? Please note that priority will be given to projects that can show the greatest readiness to proceed. Include in your discussion:

- a. What is the status of primary financing? When and how will it be secured?
 - b. If needed, what is the process and timeframe for the property to be rezoned for the intended use?
 - c. Is the project design finalized? What steps remain?
 - d. If New Market Tax Credits or Historic Tax Credits will be used, what is the status of securing them? If a bridge loan is necessary, what is its status? Projects should determine which activities the IRF funds will be used for in a Tax Credit deal.
 - e. Potential obstacles to completion?
7. Provide a month-by-month timeline of the specific activities that need to occur to get from application submission to closing on the IRF loan or grant/loan to construction to project occupancy. DHCD expects projects to be able to begin construction 6 months after IRF award announcements.
8. Identify the current property owner. Will the current owner develop the property or will acquisition be necessary? If acquisition is necessary, what is the status of this process?
9. If a developer has not been identified, discuss the process and timeline for securing one. What assurances can be provided to demonstrate that a developer can be secured in a timely manner? When do you expect this to happen?
10. If a developer has been identified, discuss the developer's capacity. If the local government will act as the developer include similar information. Provide examples of previous projects. Discuss the capability of the developer (or local government) to secure primary financing, market, lease, and manage the property. For grant/loan applications, please include a description of the procurement procedures followed to secure the developer. Include as an attachment, documentation of this process, including the locality's procurement procedures, all Requests for Proposals or Qualifications (RFP/RFQ), documentation of the bid selection process, and the selected Bid.
11. List the source, amount, and status of all matching funds in the project. Include as an attachment documentation of all secured matching funds.
12. Describe why this funding is absolutely necessary to complete the project. How does IRF funding help close the funding gap to successfully complete the project?

The following questions relate to Funding Priority 4:

13. Discuss the end-use of the property, including evidence of its economic viability. Cite and include relevant sections of market research, pro-forma, or other economic viability research. Please include a copy of the end-use business plan, if available. Will this be used to secure primary or other financing? Will it need adjustments to ensure it is suitable to a lender's needs?
14. Discuss how end-users will be recruited and discuss interest or commitments to-date from possible end-users. If an end-user has been identified, include any leases/agreements/commitment letters as an attachment.
15. Provide the anticipated operating budget once project is stabilized. What are the sources of revenue that will support the operation of this facility? Discuss how the facility will be managed upon completion.
 - a. If it is the applicant's intention to secure IRF funding as a grant/loan, please explain the intended benefits and reasoning of this structure for your locality.

The following questions relate to Funding Priority 5:

16. Please indicate the primary community economic impact of this project, including net new full-time and part-time jobs (not including construction jobs), new businesses, and leveraged private investment. Describe the methodology used to calculate these measures.
17. Please describe the secondary community economic impact of this project, such as increased local sales, meals, or lodging tax revenues, increased export or non-export (tourism) revenues, increased daily and/or overnight visitors, and availability of commercial square footage or residential units. Describe the methodology used to calculate these measures.
18. Please describe any additional impact of this project, including non-economic outcomes such as access to services or resources, workforce development, and quality of life improvements. Describe the methodology used to identify these outcomes, and quantify the impact where possible.

The following questions relate to Funding Priority 6:

19. Based on Appendix A of the Application Instruction Manual, please list your locality's distress score. If you are a Town that wishes to calculate a distress score that is different from the County your Town is located in, please show your calculations here, based on the criteria on page 16.

Other Considerations:

20. Is this project (A) in a revenue sharing district and/or (B) cited in a formal regional economic development plan or as part of a formal regional development strategy?
 - If (A) show the district on an attached map and provide the section of the revenue sharing agreement detailing each locality's responsibilities.
 - If (B) provide the section of the plan/strategy that references the project.
21. Is this project eligible for local real property tax abatement (§ 58.1-3221) or other local incentives to encourage property re/investment? If so, please attach copies of the appropriate ordinance outlining the parameters of the abatement. If the abatement is only available in a special district, please show and label the district on the base map.
22. Is this project located within an Enterprise Zone? (Zone boundaries must be shown on an attached map) Please list all available incentives.
23. Is this project located in a current CDBG project area?
24. Is this project located within a special district? If so, please show the district boundaries on an attached map and attach documentation on the district. "Special districts" include:
 - a. Designated Main Street districts
 - b. Local, state or federal historic districts
 - c. Redevelopment or blight removal districts
 - d. Technology Zones
 - e. Tourism Zones

- f. An area being addressed through Volume II Section 105.0 of the VA Uniform Statewide Building Code (under Code of Virginia Sec. 36-105). Please attach a copy of the official action that indicates which sections are enforced and who has been assigned responsibility of enforcement.

24. Does your project have committed leverage funding in excess of a 1:1 match? If so, please provide the ratio of committed leverage funding to IRF request calculation and attach commitment documentation. (*Total committed funding divided by IRF request*)

Required Attachments

- **Local Assurances:** The *Chief Administrative Officer* for the locality must sign to certify that the information in this application is accurate and correct and that the property meets the eligible definition of “blighted”. A sample is included in Appendix B.
- **Resolution:** The governing body of the locality must authorize the application for Industrial Revitalization Funds for the specific property (address will be sufficient) and documenting the **specific dollar amount in IRF matching funds** from the locality and other sources. If the locality is applying on behalf of a non-profit or private for-profit entity, the resolution should document the specific match amount and indicate that it is the responsibility of that entity to come up with the match.

Property Information

- **Property Description Sheet:** Complete one sheet per structure to be addressed using IRF. Be as quantitative and specific as possible and define any terms used by the jurisdiction for classifying the structure’s physical condition (“substandard” or other such terms). A strong application will provide a clear idea of the physical need for IRF resources. Scattered site projects are ineligible. See Appendix C.
- **Photographs:** Include images of each subject property. Be sure to include enough images that show the condition of the building or approximately 10 images. Please label the images with a description. Photographs should include the following:
 - Façade and every other face that shows deterioration.
 - Interior condition.
 - Situation shot to show the structure in the context of the property or within a block or street front.
- **Maps:** Include the following 8 ½ X 11 maps. **Each map** should clearly identify locality boundaries; major streets; highways (label) and the targeted property. Please use GIS where available.
 - **Base map** outlining any or all of the following in which the targeted property is located: Revenue Sharing Area; State Enterprise Zone; Technology Zone; Designated Virginia Main Street district; Local Redevelopment or Conservation District (Code of Virginia Sec. 36-49 & 36-49.1); National, State, or Local Historic District; Local Spot Blight Removal Plan (Code of Virginia Sec. 36-49.1:1); Volume II Section 105.0 of the Virginia Uniform Statewide Building Code Enforcement Area (under Code of Virginia Sec. 36-105). Please outline and explain any other type of designated area or district.
 - **Zoning map or land use map** if the locality does not have zoning.

Match Use Chart

The intent of the IRF money is to help fill a financing gap that has prevented the re-use and/or redevelopment of vacant and blighted industrial property. As such, applicants are required to provide at least a 100 percent local match (from private or public sources). Local match greater than 100 percent will increase the application's score.

Local match must either be cash or documented costs that are directly associated with the work being done on the property where IRF funds are expended. Local match may also include federal (including CDBG), local or private funds spent on or after July 1, 2018, on activities directly related to the targeted project. Match requirements are discussed above.

Required Match Example		
Source of Matching Fund	Amount of Matching Fund	Status of Matching Fund
Industrial Development Authority	\$100,000	July 1, 2018 Resolution; Attachment A
CDBG Site Redevelopment Funds	\$450,000	October 30, 2018 Award letter; Attachment B
Industrial Development Authority	\$27,500	Staff hours will be documented on a monthly basis and submitted as part of drawdown request
Industrial Development Authority	\$50,000	Repaving parking lot, November 2018, Paid invoice, Attachment C
TOTAL	\$627,500	

Additional Project Info

Attach as available. The more information provided at the time of application, the greater the evidence that the project is "ready to proceed." In addition, the more information provided upfront, the sooner the project can get underway if awarded funding. DHCD may require or request further information.

- Project pro-forma; should include requested amount of IRF funding and underlying assumptions. Use loan assumptions found on page 2
- End use business plan
- Resume on developer/principals
- Financial statements within last 12 months on project principals and global cash flow statement on R/E holdings
- Latest market feasibility study/feasibility study showing demand for new use
- Proof of recent Phase II environmental
- Proof of property zoning/re-zoning or specific timeline by which that will be accomplished
- Letters of interest/term sheets from primary funder(s)
- Property Appraisal or other documentation of purchase price/property value

- Documentation of procurement process followed to select developer (if developer is an entity other than locality applying for grant)
- Locality's procurement guidelines (if developer is an entity other than locality applying for grant)

SCORING

Funds will be allocated through a competitive process that will give greater priority to projects leading to the efficient and immediate redevelopment and/or reuse of abandoned "industrial" structures. Applications will be evaluated according to a scoring system and projects will be selected for funding on the basis of the higher scores in descending order until all funds are allocated. Scoring criteria and point allocation will be as follows:

Relationship to Economic Development Strategy	15%
Readiness	30%
End Use Plans	15%
Economic Impact	25%
Distress	10%
Match	5%
TOTAL	100%

A strong application will be able to document that the project is **ready-to-go, but could not be finished without the injection of the IRF funds.**

Performance Agreements & Contractual Obligations

Successful applicants will be **required to sign a contract/performance agreement** committing them to the economic outcomes, property use, fund use and match outlined in approved application and any pre-contract/performance agreement negotiations.

All applications, contracts and performance agreements are subject to negotiation with DHCD. All projects will be required to have a deed covenant/restriction or a lien for a period of 10-years that requires DHCD approval prior to any sale or change in end-use for the property. In the case of a sale to private sector entity and/or a change of use during the 10-year period, DHCD may require a pro-rated repayment of the IRF funds based on the number of years of the deed restriction remaining.

All approved projects will be committed to a project completion date of 18 months from contract execution/loan closing, by which all activities must be completed and drawdown requests/loan disbursements submitted to DHCD/VCC. Any project that receives funding and does not use all of its designated funds by the project completion date specified in its contract/loan award may lose the remaining fund balance.

Substantial Project Changes after Application Submittal

DHCD reserves the right to rescind the funding offer if substantial changes to the project scope and/or financing needs occur after application submittal. DHCD will be concerned of the impact of such on project cash flow, project timing, need for IRF funding, intent of the IRF program, and projected outcomes as outlined in the original application. To maintain consideration for IRF funding, substantial changes to project scope and/or budget will require applicants to provide DHCD with an updated description of the project including:

- Description of changes

- Updated sources & uses of funds
- Updated pro-forma
- Additional letters of interest
- Project-related commitments
- Updated management plans & operation agreements

TIMETABLE

How-to-Apply Workshops

DHCD will offer four How-to-Apply Workshops in the Winter of 2019, but prospective applicants are encouraged to reach out the DHCD staff as soon as possible to discuss any projects in development. Registration for the workshops will be available on the DHCD Website at www.dhcd.virginia.gov/IRF

1/8/19	Newport News	9 a.m. – 12 p.m.	Fountain Plaza II 700 Town Center Drive, Newport News
1/10/19	Richmond	9 a.m. – 12 p.m.	Main Street Centre 600 East Main Street, Richmond
1/15/19	Staunton	9 a.m. – 12 p.m.	Staunton Innovation Hub 32 North Augusta Street, Staunton
1/16/19	Wytheville	9 a.m. – 12 p.m.	Wytheville Meeting Center 333 Community Boulevard, Wytheville
1/17/19	Danville	9 a.m. – 12 p.m.	Pepsi Building 661 Craghead Street, Danville

Register your Organization in CAMS	ASAP
Submittal Deadline	March 1, 2019
Application Review	March 2019
Anticipated Award Announcement	Summer 2019



CONTACT

For more information on the IRF program please contact:



Virginia Department of Housing and Community Development

600 East Main Street, Suite 300

Richmond, Virginia 23219

(804) 371-7030

APPENDIX A: DISTRESS SCORES

2020 Pre-calculated Distress Scores for Cities and Counties

Distressed Localities = 100 Application Points			
Accomack County	Franklin City	Lynchburg City	Roanoke City
Bristol City	Galax City	Martinsville City	Russell County
Brunswick County	Grayson County	Norfolk City	Scott County
Buchanan County	Greensville County	Nottoway County	Smyth County
Buckingham County	Halifax County	Northampton County	Sussex County
Charlotte County	Harrisonburg City	Norton City	Tazewell County
Covington City	Henry County	Patrick County	
Cumberland County	Hopewell City	Petersburg City	
Danville City	Lee County	Prince Edward County	
Dickenson County	Lexington City	Radford City	
Emporia City	Lunenburg County	Richmond City	
At-Risk Localities = 80 Application Points			
Alleghany County	Craig County	Pittsylvania County	Waynesboro City
Buena Vista City	Mecklenburg County	Portsmouth City	Williamsburg City
Carroll County	Page County	Washington County	Wythe County
Transitional Localities = 60 Points			
Appomattox County	Charlottesville City	Hampton City	Pulaski County
Amherst County	Dinwiddie County	Highland County	Rockbridge County
Bath County	Essex County	Lancaster County	Staunton City
Bland County	Franklin County	Montgomery County	Suffolk City
Campbell County	Fredericksburg City	Newport News City	Surry County
Charles City County	Giles County	Northumberland County	Westmoreland County
Competitive Localities = 40 Application Points			
Amelia County	Colonial Heights City	Madison County	Prince George County
Bedford County	Floyd County	Middlesex County	Southampton County
Caroline County	Louisa County	Nelson County	Winchester City
Attainment Localities = 20 Application Points			
Augusta County	Greene County	King William County	Rockingham County
Botetourt County	Henrico County	Mathew County	Salem City
Chesapeake City	Isle of Wight County	Rappahannock County	Shenandoah County
Gloucester County	King George County	Roanoke County	Warren County
Non-Distressed Localities = 0 Application Points			
Albemarle County	Fairfax County	James City County	Powhatan County
Alexandria City	Falls Church City	Loudoun County	Prince William County
Arlington County	Fauquier County	Manassas City	Spotsylvania County
Chesterfield County	Fluvanna County	Manassas Park City	Stafford Count
Clarke County	Frederick County	New Kent County	Virginia Beach City
Culpeper County	Goochland County	Orange County	York County
Fairfax City	Hanover County	Poquoson City	

Sources: Virginia Employment Commission: Local Area Unemployment Statistics and US Census Bureau: Small Area Income and Poverty Estimates

Calculations by Census Tract for Towns

Towns may opt to use the distress score of their county or choose to calculate their score themselves by Census Tract. A town will want to go with whichever method shows the greatest level of distress. Use the sources below to access data to answer the following three questions regarding distress indicators. Localities will receive points for each of the three distress measures they meet. If no distress criteria are met, the distress score will be zero out of 100 possible points.

Indicators of Distress for Towns

1. **What is the town's percent of population living in Poverty?**
 - a. Source: US Census Bureau 2016 Estimates
 - b. 150 percent of the state's poverty rate is: 16.5%
2. **What is the town's median income per household?**
 - a. Source: US Census Bureau 2016 Estimates (Based on 2012-2016 data)
 - b. 70 percent of the state's median household income: \$46,304 (in 2016 dollars)
3. **What is the town's average unemployment rate?**
 - a. Source: VEC Local Area Unemployment Statistics 2017 Estimates
 - b. 150 percent of the state's average unemployment rate: 5.7%

APPENDIX B: SAMPLE LOCAL CERTIFICATION AND RESOLUTION

SAMPLE LOCAL CERTIFICATION

The applicant hereby assures and certifies that:

- (a) It possesses legal authority to apply for the IRF program and to execute the proposed program.
- (b) The property for which the application is made meets the definition of “blighted property” according to the Code of Virginia § 36-3.
- (c) Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the filing of the application including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- (d) That the information contained in the IRF application is true and correct.

Chief Administrative Official:

Name & Title

Date

SAMPLE LOCAL RESOLUTION

Be it resolved that, LOCALITY NAME wishes to apply for AMOUNT of Industrial Revitalization Funds for PROJECT TITLE for PROPOSED END USE.

Whereas LIST AMOUNTS AND SOURCES OF OTHER FUNDS will also be expended on this project, it is projected that NUMBER AND TYPE OF BENEFICIARIES will result from the implementation of the project.

Be it further resolved that CHIEF ADMINISTRATIVE OFFICIAL is hereby authorized to sign and submit appropriate documents for the submittal of this Industrial Revitalization Fund proposal.

Adopted, DATE.

Signed:
CHIEF ELECTED OFFICIAL

Attest:
CLERK

APPENDIX C: PROPERTY DESCRIPTION SHEET

Property Description Sheet			
Property Name: (if applicable)			
Address:			
Current Zoning		Current Real Estate Assessment:	
Original/Most Recent Use:		Built:	Vacant since:
Size:	Square footage of structure:	Number of floors:	Acreage of property:
Ownership:			
Building materials:			
Condition of:			
Roof			
Exterior Walls			
Foundation			
Interiors			
Electrical/HVAC Systems			
Plumbing			
Windows			
Outbuildings/ Site			
Other descriptors			
Intended Use of IRF: (See Program Design)			
Intended End Use of Property:			